

MAY 2021

THOUGHT LEADERSHIP

# Later Living: Widening Choice In The Housing Market

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Cast 



# Later Living

Cast is a leading UK construction consultancy with extensive experience in the residential sector and a strong focus on innovation and market modernisation. Here we provide insight into how the Later Living sector is helping to bring international learning to the UK and increasing residential product choice and quality in the market.

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The Later Living Market is one of the most interesting if not slightly under played 'alternative' residential sectors. Much of the attention and focus in recent years has been on Build to Rent which has gone on a transformative journey over the last decade in the UK to become a mature institutionally backed asset class in its own right.

However, parallel to this, a small group of specialist developers and investors have been working hard to develop a new proposition to the market, broadening choice and moving the retirement living sector away from being a forced necessity borne out of bereavement or a change in medical circumstances towards a more aspirational form of living that starts for people in their 50's. With the average age of residents in specialist retirement living accommodation in the UK being nearer to 80 there is clearly lots of work to do.

### **The growth of the sector in the UK has also been complicated by varying treatment under Planning in terms of the exact definition of 'care' provisions and what this means for the provision of affordable housing.**

The issue of care is also the critical differentiation from conventional for sale residential. The regulatory framework that governs this element of the offer are onerous and non-compliance represents real reputational and brand risk for those that enter this market so fully thought through business strategies and operational plans are a prerequisite for those wanting to offer more than the bare minimum warden controlled housing that perhaps the market is more well known for.

Cast has been at the forefront of working with some of the leading exponents of change in this exciting new market since our inception in 2016. Approximately 25% of all of our work stems from this market and we have developed deep insights and experience in helping our clients pioneer real change.

Having worked with the likes of Legal and General in the formative stages of establishing and expanding its Inspired Villages Group business delivering lower density community / village developments across the country it is clear that attention to detail in the home design and wider community planning including amenities is a critical factor in success. The ability to have confidence in low levels of maintenance and defects is particularly important where there is a downstream estate management and service offering package beyond the pure transaction of buying a property and the need to demonstrate competitiveness of 'event fees' that are recouped on resale.

This is a key consideration in the choice of specification, energy strategy and of course the construction supply chain. The ongoing interest in the scheme's quality and value growth post initial transaction gives Later Living many of the characteristics of the build to rent sector and is the promoter of long term thinking beyond initial capex. With L&G committing to its first net zero operational carbon development at its Millfield Green scheme it is clear that the Later Living sector is not just innovating available tenures it is driving real change in how design and construction needs to modernise in response to bigger societal change.

One of the most dominant players in this market at a volume level is McCarthy and Stone and they are actively looking to deploy MMC solutions as part of their development pipeline where it can standardise and build technical confidence in the durability and robustness of various solutions spanning both Category 1 and 2 MMC.

Cast has been working across new build portfolios of several impressive projects aimed at more urban higher density solutions for the likes of specialist developers such as Auriens, Elysian Residences, Guild Living and Riverstone. These have included developing several high quality, even super prime developments in central London for those more affluent retirees who want to be close to amenities, family and wider infrastructure rather than being in a more rural setting.





The design and commercial considerations in these schemes are complex and it is clear, as with build to rent, that there are viability sensitivities in the provision of amenities that vary from hairdressing and beauty salons, to libraries to cinema rooms. These facilities drive low net:gross ratios but are key to supporting the value profile of the apartments themselves and the differentiation of the product in an increasingly busy market. Getting the balance right between directly provided amenities versus being located well to enable access to pre-existing neighbouring facilities is no doubt going to be one of the key learnings for emerging Later Living product that the slightly more mature Build to Rent sector has already started to evaluate.

It is also clear that the role of technology is playing an important part in the functionality and quality of specialist Later Living accommodation. The ability to embed smart sensors and intuitive automation which augments the living experience as well as providing management and care benefits is forcing more and more innovation and choice.

There is also very specific sector guidance on best practice design which is increasingly being challenged by experience and practice from international developer / operators and designers. World leading later living product design and operational thinking from as far away as Australia and the United States and their 'Continuous Care Retirement Communities' developments is starting to find its way to UK shores.

It is clear that there is a healthy debate to be had as to what the older demographic in the UK wants and is prepared to pay for but it is an exciting time for increasing choice in the UK housing market at a point when we need to improve the quality options available for people to downsize from under-utilised existing properties which is as much a part of the required solution to the UK housing crisis as is increasing First Time buyer provision to enable a fully transacting market from top to bottom.

# 18,000

\*Estimate by Savills

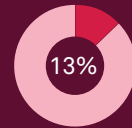
Units per annum need to be delivered to meet project demand\*



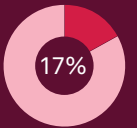
UK



AUSTRALIA



USA



Percentage of people over 60 living in Retirement Housing in the UK, Australia and USA



## 80%

of the nation's wealth sits with the over 50s

## 3.3m

'Last Time Buyers' looking to downsize

# 14,000+

Centenarians will receive a birthday telegram from the Queen by 2040



The number of over 65s will **grow by**

# 51% by 2033

In London, the number of over 80s is expected to **rise by**

# 70% by 2035

# 1 in 10

People over 65 feels **chronically lonely** all or most of the time



**Independent Retirement Living** is proven to reduce pressure on local services and care budgets

